

CONFIRMED MINUTES OF THE MEETING HELD ON 17 SEPTEMBER 2020

PRESENT:

Prof C Kinsella, Chair	Ms K Finlayson
Ms J Allen	Mr J Warner
Ms V Brown	

APOLOGIES:

None

IN ATTENDANCE:

AGENDA ITEM

Mr A Bush, KPMG	All except 1 and 2
Ms M Boryslawskij, University Secretary and Clerk to the Board of Governors	All
Ms H Boyce, Governance, Legal and Sector Regulation	All except 1 and 2
Mr R Calvert, Deputy Vice-Chancellor Strategy and Operations	All except 1
Ms R Devaney, Head of Procurement	17
Ms K Doherty, Grant Thornton	All except 1 and 2
Ms D Harry, Chief Finance and Planning Officer	All except 1
Ms L Mason, Director of Strategy, Planning and Insight	11 to 13
Mr R Nurennabi, Head of Pension Development	6
Ms A Ormston, KPMG	All except 1 and 2
Mr M Redfern, Grant Thornton	All except 1 and 2
Ms A Temple, Governance Senior Advisor (Minute Secretary)	All
Mrs H Williamson, Head of Information Governance and DPO	10 to 11
Mr U Zamman, Director of Human Resources and Organisational Development	6
Mr S Briggs, Chief Information Officer	10 to 14ii

Agenda item 2

Private Meeting of Committee Members and Management

Minute Ref A/20/42

42.1 The Committee did not meet privately prior to the arrival of the Deputy Vice-Chancellor Strategy and Operations and the Chief Finance and Planning Officer. The Committee met privately with Deputy Vice-Chancellor Strategy and Operations and the Chief Finance and Planning Officer prior to the arrival of the auditors. There were no substantive matters discussed that would not be covered during the meeting.

Agenda item 4

Declaration of Interests

Minute Ref A/20/43

43.1 There were no declarations of interests.

Agenda item 5

Minutes of the meeting held on 14 May 2020

Minute Ref A/20/44

Paper Ref
A/3/20/M

44.1 The minutes were approved.

44.2 The Chair reported that Chair's action had been taken to amend (i) the minutes of the joint meeting between Finance and Employment Committee (FEC) and Audit and Risk Committee (ARC) held on 12 November 2019 and (ii) the minutes of Audit and Risk Committee held on 27

February 2020 to make part of the minutes confidential (FEC+A/19/5.2iiJ and A/20/12.2). The content of the minutes had not been amended.

Agenda item 6	Matters Arising/Audit and Risk Committee Action Tracker, version 3 September 2020	Minute Ref A/20/45
Paper Ref A/4/20/6		

45.1 **A/20/30.1: REF Assurance:** The Committee noted that a report on the revised REF (Research Excellence Framework) 2021 timetable had been submitted to the Board of Governors on 9 June and 28 July 2020. The Committee did not recommend any internal audit of this area.

45.2 **A/20/30.2: TPS:** Mr U Zamman, Director of Human Resources and Organisational Development and Mr R Nurennabi, Head of Pension Development joined the meeting to present an update on the ongoing investigatory work in relation to the issue with the TPS pension scheme. A confidential paper had been circulated to the Committee on 16 September 2020 following discussion by the University Leadership Team on 15 September 2020.

45.3 A minute confidential to the Committee was recorded.

45.4 A report would be made to the November 2020 Audit and Risk Committee meeting.

Agenda item 7	Chairs Business	Minute Ref A/20/46
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46.1 The Chair reported that the May 2020 meeting had been Chris Kenny's last meeting of the Audit and Risk Committee. He had joined the Committee on 1 August 2014 and had been deputy chair since 22 September 2016. Mr Kenny was thanked for his contribution to the Committee.

46.2 The Committee noted that a paper had been circulated on 16 September 2020 entitled 'Office for Students (OfS) Update on approach to regulations and information about deadlines for data returns'. This was a Board paper which was being circulated to this Committee and to the Finance and Employment Committee for information prior to the Board meeting. The paper set out details of the OfS's revised approach to regulation and included details of revised deadlines for submission of the financial monitoring returns (as set out in Regulatory Advice 14, published by the OfS on 9 September 2020). In particular, the Committee noted that it was proposed to change the date of the joint ARC/FEC (from 10 November 2020 to January 2021).

Agenda item 8	Appointment of Deputy Chair	Minute Ref A/20/47
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47.1 Ms J Allen was appointed as deputy chair of the Committee from 17 September 2020 with an end date to be agreed (see below).

47.2 It was noted that the Board of Governors had appointed Ms J Allen as the Chair of ARC from 1 January 2021 until 31 December 2022 (BG/20/101.7iii refers). In the light of the proposal that the joint meeting of ARC and FEC (which would consider and recommend the Annual Report and Financial Statements 2019/20 to the Board) should be deferred until January 2021, Prof Kinsella and Mr N MacDonald had offered to continue as chairs of ARC and FEC respectively until the work related to 2019/20 had been concluded. This proposal would be considered by the Nominations Committee at its meeting on 25 September 2020.

Agenda item 9	Update of COVID-19 Response	Minute Ref A/20/48
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48.1 The Deputy Vice-Chancellor Strategy and Operations updated the Committee on the University's response to the on-going Covid-19 situation:

- i. the University was managing a number of risks arising from the pandemic:
 - a. financial risk: in particular, the impact of the situation on student recruitment. It was noted that the University had set its budget in July 2020 and had assumed

that income from UK recruitment would be in line with previous assumptions and that international student income would be significantly below previous assumptions. The recruitment position was in line with the July 2020 assumptions. It was noted that the University was aiming to recruitment additional international students for a January 2021 start;

- b. Delivery risk: during the summer staff had largely been working at home with c. 300 staff on site during August largely working on roles to get the campus ready. The University would be operating a blended approach to teaching with some face-to-face and some remote teaching. The University had invested significantly in software and systems to support online teaching. Delivery risks included (i) local spikes and lockdowns – if this occurred the University could revert to solely online teaching (ii) Covid-19 testing capacity (iii) cyber risks including denial of service attacks (see also A/20/50). Staff engagement had been positive. Work was ongoing concerning teaching staff with health vulnerabilities or caring responsibilities;
- ii. the University was focusing on community engagement and was working with the University of Sheffield and the local Police. It had also communicated with local councillors and MPs;
- iii. the University was working to ensure that students had the best possible experience during Welcome week and during teaching weeks.

A further update would be presented at the next meeting.

Agenda item	10 Report on Data Breach	Minute Ref	A/20/49
Paper Ref			
	A/4/20/10		
	Confidential		

49.1 The Head of information, Governance and Data Protection (DPO) presented the report to the Committee detailing a data security breach notification made to the Information Commissioners Office (ICO).

49.2 A minute confidential to the Committee was recorded.

Agenda item	11 Cyber Security Risk/Cyber Security Strategic Plan	Minute Ref	A/20/50
Paper Ref			
	A/4/20/11		
	Confidential		

50.1 The Chief information Officer introduced the report to update the Committee on the cyber security risks and the strategic priorities to address them. The Committee noted that there was a growing threat to higher education from malicious groups and there had been a number of ransomware and denial of service attacks on HEIs. The trend was for more frequent attacks with higher impacts. The University had a comprehensive risk register in relation to cyber security, together with a phishing action plan. One of the key mitigating actions was awareness raising as it was recognised that people were a key vulnerability.

50.2 In response to question concerning the level of uptake for the security awareness training for staff and students, it was noted that the University was reviewing the desirability of mandatory training.

Agenda item	12 Report on Risk Management	Minute Ref	A/20/51
Paper Ref			
	A/4/20/12		
	Confidential		

51.1 The Director of Strategy, Planning and Insight introduced the report to provide the Committee with an update on the University's corporate risk and management processes. The Committee noted:

- i. the corporate risk register had been regularly reviewed and updated, with the highest risks currently being student recruitment and autumn course delivery;
- ii. a new risk had been developed, and agreed by the University Leadership Team, to reflect the volatile external policy environment.

Agenda item 13
Paper Ref
A/4/20/13
Confidential

Assurance Framework

Minute Ref A/20/52

- 52.1 The University Secretary provided the Committee with an update on the development of the Assurance Framework. The Committee noted that:
- i. in discussion with risk owners Governance, Legal and Sector Regulation had maintained a focus on an evidence-based approach to the confidence rating within the Framework (including whether the evidence was externally verified);
 - ii. the assurance framework and aligned documents that also mapped decision and assurance processes had been updated to show both usual operating and interim Covid internal governance arrangements.

52.2 A member commented that it was assuring that the Framework clearly linked to the corporate risk register and that there were no low confidence ratings in relation to controls and assurance. However, it was noted that there were a significant number of medium ratings for controls and assurance and it was suggested that the University should review whether these areas were addressed in the internal audit programme.

52.3 On the basis of the reporting on risk management and the assurance framework the Committee was assured that the University continued to have a robust and effective approach in place to the management of risk.

Agenda item

Auditor Sector Update

Minute Ref A/20/53

- 53.1 The Chair asked the external and internal auditors to provide an update on sector issues. The following was noted from the Grant Thornton's experience of working with their client Universities:
- i. a number of other Universities were also promoting and facilitating for an increased intake of international students in January 2021;
 - ii. cyber security was an issue high on the agenda for HEIs
 - iii. Sheffield Hallam was the first University to approach Grant Thornton about amending the timescale for finalising the annual report and financial statements 2019/20 given the need to provide a robust going concern assessment (A/20/46.2 above refers). The University was commended for its proposed approach.

- 53.2 The internal auditors highlighted the following:
- i. HEIs had a mixed experience of student recruitment and were waiting to assess the position when students arrived;
 - ii. the publication of a Skills White Paper and the forthcoming Comprehensive Spending Review;
 - iii. the CUC Audit Code of Practice had been published in June 2020 and the CUC had also updated the HE Code of Governance.

Agenda item 14

Internal Audit Progress Report

Minute Ref A/20/54

54.1 It was noted that Alison Ormston had replaced Matt Ackroyd as the University's Internal Audit Senior Manager.

Agenda item 14.1
Paper Ref
A/4/20/14i

Risk Management

Minute Ref A/20/55

55.1 The Committee received the internal audit report on risk management which had been rated 'significant assurance with minor improvements required'. The report would be used by KMPG

to inform their opinion on risk management in their 2019/20 annual report. KPMG had observed a number of improvements in the University's approach including the development of the Assurance Framework. Recommendations include the need to establish clear audit trails in relation to changes made to mitigating actions and/or their due dates, and the need to independently verify that actions reported as completed via the risk register had been implemented. It was noted that all recommendations in the 2017/18 risk management audit had been implemented.

Agenda item	14.2	Digital Strategy	Minute Ref	A/20/56
Paper Ref				
	A/4/20/14ii			

- 56.1 The Committee received the internal audit report on digital strategy which had been rated 'significant assurance with minor improvements required'. The report highlighted that there were clear lines of reporting in the Digital Technology Services (DTS) team including effective governance processes. The review highlighted that the digital strategy's objectives did not clearly link back to the University's 'Transforming Lives' strategic objectives, that formal metrics had not been defined to track progress, and that there was no explicit consideration of emerging technologies as part of the digital strategy. The Chief Information Officer welcomed the report and noted that the Digital Strategy was being taken forward across the University by DTS in association with the Directorate of Transformation and was linking closely to the University's future strategy work.

Agenda item	14.3	Follow-Up	Minute Ref	A/20/57
Paper Ref				
	A/4/20/14iii			

- 57.1 The Committee received the internal audit report which detailed the results of KPMG's follow up review to assess the implementation of recommendations made by internal audit in prior years. It was noted that:
- i. Alison Ormston had met Angela Temple to discuss the use of the SharePoint based recommendation tracker and would be holding an introductory meeting with Michaela Boryslawskij at which she would discuss this further;
 - ii. it was hoped to amend the tracking process to improve manager's accountability for implementation of recommendations. It was thought that it might be helpful to provide training for managers in the use of the tracker. In addition, it may be helpful to bring managers to the Committee where action was not being taken – for example, either in relation to providing updates to the tracker and/or progressing actions in a timely manner;
 - iii. where action was not being taken it was recognised that managers may not have set realistic implementation dates and it was felt important that KPMG ensured that managers felt empowered to set achievable implementation dates;
 - iv. suggestions from members concerning the tracking process would be welcome.

- 57.2 Michaela Boryslawskij confirmed that management, via Governance, Legal and Sector Regulations (GLSR), were committed to working with KPMG to improve recommendation implementation and tracking. She noted that it was also important that managers felt empowered to challenge KPMG's recommendations if they felt that these were not appropriate.

- 57.3 A member recognised that the challenges associated with managing Covid1-19 may have delayed implementation of recommendations. Furthermore, they suggested that it would be helpful to understand the root causes for the delays in implementing recommendations.

Agenda item	14.4	Audit and Risk Committee Effectiveness: Proposal	Minute Ref	A/20/58
Paper Ref				
	A/4/20/14vi			

- 58.1 Following discussion at the May 2020 meeting KPMG submitted their proposals for a review of Audit and Risk Committee effectiveness, which would be provided as part of KPMG's value-

added work commitment in its tender documentation. As requested, the review would be conducted by a member of KPMG staff who was not involved with the University's internal audit. The review would not duplicate the survey of members which had been undertaken by GLSR as part of the preparation for the annual review of committee effective and annual report, which would be submitted to the November 2020 meeting. A report on the review would be submitted to the February 2021 meeting.

Agenda item Paper Ref A/4/20/15	15 Draft KPMG Annual Report to The Vice Chancellor and The Board of Governors 2019/20	Minute Ref A/20/59
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59.1 The Committee received KPMG's draft annual report 2019/20 and noted that the report would be further revised and updated for submission to the November 2020 meeting. It was noted that two reports from the 2019/20 programme remained outstanding: (i) Governance – Regulatory Compliance and Case management and (ii) HE Apprenticeships. The Chief Finance and Planning Officer requested that the report should set out the materiality of cash handled by the sports outlet (in relation to the findings in the cash handling review, which had been graded as 'partial assurance with improvements required')(A/20/33.4 refers).

Agenda item Paper Ref A/4/20/16	16 Draft Internal Audit Strategy and Operational Plan 2020/21	Minute Ref A/20/60
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60.1 The Committee noted that an outline programme had been submitted to the Committee for discussion at its May 2020 meeting. Following this KPMG had consulted further with University management in order to develop the proposed plan. It was noted that, given the uncertainty around the Covid-19 situation, flexibility in the programme was particularly important and KPMG would keep the plan under review with management. The Committee approved the 2020/21 internal audit programme.

Agenda item Paper Ref A/4/20/17 Confidential	17 Annual Procurement Report 2019/20	Minute Ref A/20/61
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61.1 Ms R Devaney, Head of Procurement presented the report to the meeting. She highlighted actions taken by the Procurement Team to ensure value for money in the University's procurement processes. The following was noted:

- i. expenditure in 2019/20 had been less than in 2018/19 and the pattern of expenditure had changed;
- ii. non-impactable expenditure, i.e. subscriptions and property-related, had increased in 2019/20;
- iii. it was not possible at the time that the report was presented to include details of savings identified by accessing of national frameworks as the University had not received those figures from its regional consortium NEUPC;
- iv. work was ongoing with KPMG to progress the outstanding action from the 2017/18 internal audit report on procurement;
- v. the team had undertaken an in-depth review and benchmarking of the University's Modern Slavery Statement, which would be submitted to the Committee in November 2020 for recommendation to the Board;
- vi. a process had been implemented for publishing the University's contracts register with the aim of achieving greater external transparency, reducing freedom of information requests, and improved automatic triggers to plan cyclical tendering and planning;
- vii. the Head of Procurement had become the north east regional representative on the HEPA Board.

61.2 A member thanked the Head of Procurement for the inclusion of a useful glossary in the report. In response to a question about whether it would be better for the annual procurement report to be presented later in the year to allow for the inclusion of the information from NEUPC the

Head of Procurement felt that the additional information would be useful but noted the would not be material. The Chair commended the team for their work during 2019/20.

Agenda item Paper Ref A/4/20/18 Confidential	18	Annual Report on Public Interest Disclosures 2019/20	Minute Ref A/20/62
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62.1 The Committee received the report

Agenda item Paper Ref A/4/20/19 Confidential	19	Report on Waivers of the Financial Regulations	Minute Ref A/20/63
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63.1 The Committee received the report

Agenda item Paper Ref A/4/20/20	20	Audit and Risk Committee: Annual Business Cycle – To end of 2020	Minute Ref A/20/64
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64.1 The Committee received the report.

Agenda item	21	Any Urgent Business	Minute Ref A/20/65
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65.1 There was no other business.

Agenda item	22	Date of Next Meeting	Minute Ref A/20/66
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66.1 To be advised.